



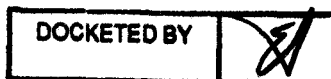
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Arizona Corporation Commission

**DOCKETED**BEFORE THE ARIZONA CORPORATION COMMISSION  
DEC 01 1997

AZ CORP COMMISSION

JIM IRVIN  
COMMISSIONER-CHAIRMAN  
RENZ D. JENNINGS  
COMMISSIONER  
CARL J. KUNASEK  
COMMISSIONER



DEC 1 3 28 PM '97

DOCUMENT CONTROL

IN THE MATTER OF THE COMPETITION IN )  
THE PROVISION OF ELECTRIC SERVICES )  
THROUGHOUT THE STATE OF ARIZONA. )

DOCKET NO. U-0000-94-165

**PROCEDURAL ORDER****BY THE COMMISSION:**

The Arizona Corporation Commission ("Commission") issued Decision No. 59943, dated December 26, 1996, which approved new rules, A.A.C. R14-2-1601 through R14-2-1616 ("Rules" or "Electric Competition Rules"). On August 29, 1997, the Commission issued Decision No. 60351, in which the Hearing Division was directed "to produce procedural orders in order to establish hearings, evidentiary or otherwise, regarding any aspect of electric competition that is necessary and appropriate."

On October 30, 1997, the Residential Utility Consumer Office ("RUCO") filed a Request for Evidentiary Hearing and Procedural Order ("Request"). On November 21, 1997, Tucson Electric Power Company ("TEP") filed a Response in support of RUCO's Request. On November 21, 1997, Citizens Utilities Company ("Citizens") filed a Statement in support of RUCO's Request.

On November 13, 1997, ASARCO Incorporated, Cyprus Climax Metal Corporation and Enron Corporation filed their Objection to RUCO's Request. On November 15, 1997, the Electric Competition Coalition filed their Objection to RUCO's Request.

The Electric Competition Rules created several working groups that were required to generate reports regarding various aspects of the transition to competition. On October 1, 1997, the Stranded Cost Working Group ("Group") filed its Report with the Commission. The Group provided an oral presentation to the Commission on November 25, 1997.

Pursuant to A.A.C. R14-3-109 and Decision No. 60351, the Commission now issues this Procedural Order to set an evidentiary hearing on generic issues related to stranded costs and to govern the preparation and conduct of this proceeding.

IT IS THEREFORE ORDERED that a hearing in the above-captioned matter shall commence

on February 9, 1998 at 10:00 a.m., at the Commission's offices, 1200 West Washington Street, Phoenix, Arizona 85007.

IT IS FURTHER ORDERED that all participants to the Stranded Cost Working Group shall be designated as parties in this proceeding.

IS IS FURTHER ORDERED that others desiring to participate in this proceeding shall file a request to intervene no later than December 22, 1997.

IT IS FURTHER ORDERED that direct testimony and associated exhibits to be presented at the proceeding on behalf of the "Affected Utilities" as defined in A.A.C. R14-2-1601, shall be filed on or before 4:00 p.m. on December 22, 1997.

IT IS FURTHER ORDERED that direct testimony and associated exhibits to be presented at the proceeding on behalf of all other parties shall be filed on or before 4:00 p.m. on January 20, 1998.

IT IS FURTHER ORDERED that the "Affected Utilities" shall file rebuttal testimony and associated exhibits on or before 4:00 p.m. on February 2, 1998.

IT IS FURTHER ORDERED that direct testimony shall cover the following issues:<sup>1</sup>

1. Should the Electric Competition Rules be modified regarding stranded costs, if so, how?
2. When should "Affected Utilities" be required to make a "stranded cost" filing pursuant to A.A.C. R14-2-1607?
3. What costs should be included as part of "stranded costs" and how should those costs be calculated?
4. Should there be a limitation on the time frame over which "stranded costs" are calculated?
5. Should there be a limitation on the recovery time frame for "stranded costs"?
6. How and who should pay for "stranded costs" and who, if anyone, should be excluded from paying for stranded costs?
7. Should there be a true-up mechanism and, if so, how would it operate?
8. Should there be price caps or a rate freeze imposed as part of the development of a stranded cost recovery program and if so, how should it be calculated?
9. What factors should be considered for "mitigation" of stranded costs?

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<sup>1</sup> The testimony to be filed shall be new testimony, not merely references to documents, reports, summaries, etc. prepared for use with the working groups.

1 IT IS FURTHER ORDERED that a procedural conference shall be held on December 9, 1997  
2 at 10:00 a.m. at the Commission's offices, for the purposes of discussing the list of issues, whether  
3 additional issues are appropriate, and the conduct of the hearing.

4 IT IS FURTHER ORDERED that discovery shall be as permitted by law and the rules and  
5 regulations of the Commission, except that: any objection to discovery requests shall be made within  
6 seven days<sup>2</sup> of receipt; responses to discovery requests shall be made within ten days of receipt; and the  
7 response time may be extended by mutual agreement of the parties involved if the request requires an  
8 extensive compilation effort.

9 IT IS FURTHER ORDERED that, in the alternative to filing a written motion to compel  
10 discovery, any party seeking discovery may telephonically contact the Commission's Hearing Division  
11 to request a date for a procedural conference to resolve the discovery dispute; that upon such a request,  
12 a procedural conference will be convened as soon as practicable; and that the party making such a request  
13 shall forthwith contact all other parties to advise them of the date and shall at the conference provide a  
14 statement confirming that the other parties were contacted.<sup>3</sup>

15 IT IS FURTHER ORDERED that the Presiding Officer may rescind, alter, amend, or waive any  
16 portion of this Procedural Order either by subsequent Procedural Order or by ruling at the hearing.

17 DATED this 1<sup>ST</sup> day of December, 1997.

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20   
21 JERRY L. RUDIBAUGH  
22 CHIEF HEARING OFFICER  
23  
24  
25

26  
27 <sup>2</sup> "days" refers to calendar days.

28 <sup>3</sup> The parties are encouraged to attempt to settle discovery disputes through informal, good-faith negotiations before seeking resolution of the controversy.

Copies of the foregoing mailed/delivered  
this 1<sup>st</sup> day of December, 1997 to:

Barbara Klemstine  
ARIZONA PUBLIC SERVICE CO.  
Law Department, Station 9909  
P.O. Box 53999  
Phoenix, Arizona 85072-3999

Greg Patterson  
RUCO  
2828 N Central Ave, Suite 1200  
Phoenix, Arizona 85004

Michael A. Curtis  
MARTINEZ & CURTIS, P.C.  
2712 North 7th Street  
Phoenix, Arizona 85006  
Attorneys for Arizona Municipal Power Users' Association

Walter W. Meek, President  
ARIZONA UTILITY INVESTORS ASSOCIATION  
2100 N. Central Avenue, Suite 210  
Phoenix, Arizona 85004

Rick Gilliam  
LAND AND WATER FUND OF THE ROCKIES  
2260 Baseline Road, Suite 200  
Boulder, Colorado 80302

Charles R. Huggins  
ARIZONA STATE AFL-CIO  
110 North 5th Avenue  
P.O. Box 13488  
Phoenix, Arizona 85002

David C. Kennedy  
LAW OFFICES OF DAVID C. KENNEDY  
100 West Clarendon Avenue, Suite 200  
Phoenix, Arizona 85012-3525

Norman J. Furuta  
DEPARTMENT OF THE NAVY  
900 Commodore Drive, Building 107  
P.O. Box 272 (Attn. Code 90C)  
San Bruno, California 94066-0720

Thomas C. Horne  
Michael S. Dulberg  
HORNE, KAPLAN & BISTROW, P.C.  
40 North Central Avenue, Suite 2800  
Phoenix, Arizona 85004

Barbara S. Bush  
COALITION FOR RESPONSIBLE ENERGY EDUCATION  
315 West Riviera Drive  
Tempe, Arizona 85252

Sam Defraw (Attn. Code 16R)  
Rate Intervention Division  
NAVAL FACILITIES ENGINEERING COMMAND  
200 Stovall Street, Room 10S12  
Alexandria, Virginia 22332-2300

Rick Lavis  
ARIZONA COTTON GROWERS ASSOCIATION  
4139 East Broadway Road  
Phoenix, Arizona 85040

Steve Brittle  
DON'T WASTE ARIZONA, INC.  
6205 South 12th Street  
Phoenix, Arizona 85040

Karen Glennon  
19037 N. 44th Avenue  
Glendale, Arizona 85308

AJO IMPROVEMENT COMPANY  
P.O. Drawer 9  
Ajo, Arizona 85321

COLUMBUS ELECTRIC COOPERATIVE, INC.  
P.O. Box 631  
Deming, New Mexico 88031

CONTINENTAL DIVIDE ELECTRIC COOPERATIVE  
P.O. Box 1087  
Grants, New Mexico 87020

DIXIE ESCALANTE RURAL ELECTRIC ASSOCIATION  
CR Box 95  
Beryl, Utah 84714

GARKANE POWER ASSOCIATION, INC.  
P.O. Box 790  
Richfield, Utah 84701

MOHAVE ELECTRIC COOPERATIVE, INC.  
P.O. Box 1045  
Bullhead City, Arizona 86430

1 MORENCI WATER AND ELECTRIC COMPANY  
2 P.O. Box 68  
3 Morenci, Arizona 85540

4 Stephen Ahearn  
5 ARIZONA DEPT OF COMMERCE  
6 ENERGY OFFICE  
7 3800 North Central Avenue, 12th Floor  
8 Phoenix, Arizona 85012

9 Betty Pruitt  
10 ARIZONA COMMUNITY ACTION ASSOC.  
11 67 E. Weldon, Suite 310  
12 Phoenix, Arizona 85012

13 Choi Lee  
14 PHELPS DODGE CORP.  
15 2600 N. Central Avenue  
16 Phoenix, Arizona 85004-3014

17 Bradley Carroll  
18 TUCSON ELECTRIC POWER CO.  
19 P.O. Box 711  
20 Tucson, Arizona 85702

21 Creden Huber  
22 SULPHUR SPRINGS VALLEY  
23 ELECTRIC COOPERATIVE  
24 P.O. Box 820  
25 Willcox, Arizona 85644

26 Mick McElrath  
27 CYPRUS CLIMAX METALS CO.  
28 P.O. Box 22015  
Tempe, Arizona 85285-2015

Wallace Kolberg  
SOUTHWEST GAS CORP.  
P.O. Box 98510  
Las Vegas, Nevada 89193-8510

A.B. Baardson  
NORDIC POWER  
4281 N. Summerset  
Tucson, Arizona 85715

Michael Rowley  
c/o CALPINE POWER SERVICES  
50 West San Fernando, Suite 550  
San Jose, California 95113

Dan Neidlinger  
3020 N. 17th Drive  
Phoenix, Arizona 85015

Jessica Youle  
PAB300  
SALT RIVER PROJECT  
P.O. Box 52025  
Phoenix, Arizona 85072-2025

Patricia Cooper  
AEPCO  
P.O. Box 670  
Benson, Arizona 85602-0670

Clifford Cauthen  
GRAHAM COUNTY ELECTRIC CO-OP  
P.O. Drawer B  
Pima, Arizona 85543

Marv Athey  
TRICO ELECTRIC COOPERATIVE  
P.O. Box 35970  
Tucson, Arizona 85740

Joe Eichelberger  
MAGMA COPPER COMPANY  
P.O. Box 37  
Superior, Arizona 85273

Wayne Retzlaff  
NAVOPACHE ELECTRIC CO-OP INC.  
P.O. Box 308  
Lakeside, Arizona 85929

Beth Ann Burns  
CITIZENS UTILITIES COMPANY  
2901 N. Central Avenue, Suite 1660  
Phoenix, Arizona 85012

Steve Kean  
ENRON  
P.O. Box 1188  
Houston, Texas 77251-1188

Jack Shilling  
DUNCAN VALLEY ELECTRIC COOPERATIVE  
P.O. Box 440  
Duncan, Arizona 85534

Nancy Russell  
ARIZONA ASSOCIATION OF INDUSTRIES  
2025 N. 3rd Street, Suite 175  
Phoenix, Arizona 85004

Barry Huddleston  
DESTEC ENERGY  
P.O. Box 4411  
Houston, Texas 77210-4411

1 Steve Montgomery  
JOHNSON CONTROLS  
2 2032 West 4th Street  
3 Tempe, Arizona 85281

4 Terry Ross  
CENTER FOR ENERGY AND  
ECONOMIC DEVELOPMENT  
5 7853 E. Arapahoe Court, Suite 2600  
6 Englewood, Colorado 80112

7 George Allen  
ARIZONA RETAILERS ASSOCIATION  
137 University  
8 Mesa, Arizona 85201

9 Ken Saline  
K.R. SALINE & ASSOCIATES  
10 P.O. Box 30279  
11 Mesa, Arizona 85275

12 Louis A. Stahl  
STREICH LANG  
2 North Central Avenue  
13 Phoenix, Arizona 85004

14 Douglas Mitchell  
SAN DIEGO GAS AND ELECTRIC CO.  
15 P.O. Box 1831  
16 San Diego, California 92112

17 Sheryl Johnson  
TEXAS-NEW MEXICO POWER CO.  
4100 International Plaza  
18 Fort Worth, Texas 76109

19 Ellen Corkhill  
AARP  
20 5606 North 17th Street  
21 Phoenix, Arizona 85016

22 Phyllis Rowe  
ARIZONA CONSUMERS COUNCIL  
6841 N. 15th Place  
23 Phoenix, Arizona 85014

24 Andrew Gregorich  
BHP COPPER  
25 P.O. Box M  
26 San Manuel, Arizona

27 Larry McGraw  
USDA-RUS  
6266 Weeping Willow  
28 Rio Rancho, New Mexico 87124

Jim Driscoll  
ARIZONA CITIZEN ACTION  
2430 S. Mill, Suite 237  
Tempe, Arizona 85282

William Baker  
ELECTRICAL DISTRICT NO. 6  
P.O. Box 16450  
Phoenix, Arizona 85011

John Jay List  
General Counsel  
NATIONAL RURAL UTILITIES  
COOPERATIVE FINANCE CORP.  
2201 Cooperative Way  
Herndon, Virginia 21071

Wallace Tillman  
Chief Counsel  
NATIONAL RURAL ELECTRIC  
COOPERATIVE ASSOCIATION  
4301 Wilson Blvd.  
Arlington, Virginia 22203-1860

Robert Julian  
PPG  
1500 Merrell Lane  
Belgrade, Montana 59714

C. Webb Crockett  
FENNEMORE CRAIG  
Two N. Central Ave., Suite 2200  
Phoenix, Arizona 85004-2390

Department of Navy  
Naval Facilities Engineering Command  
Navy Rate Intervention  
901 M Street SE, Building 212  
Washington, DC 20374  
Attn: Sam DeFrawi

Robert S. Lynch  
340 E. Palm Lane, Suite 140  
Phoenix, Arizona 85004-4529

Douglas A. Oglesby  
Vantus Energy Corporation  
353 Sacramento Street, Suite 1900  
San Francisco, California 94111

1 Robert Franciosi  
2 Goldwater Institute  
3 Bank One Center  
4 201 North Central  
5 Concourse Level  
6 Phoenix, Arizona 85004

7 Stan Barnes  
8 Copper State Consulting Group  
9 100 W Washington Street, Suite 1415  
10 Phoenix, Arizona 85003

11 Carl Robert Aron  
12 Executive Vice President and COO  
13 Itron, Inc.  
14 2818 N. Sullivan Road\

15 Spokane, Washington 99216

16 John Branch  
17 CITY OF MESA ELECTRIC UTILITY  
18 PO Box 1466  
19 Mesa, AZ 85211-1466

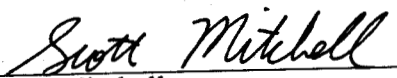
20 Vincent Hunt  
21 CITY OF TUCSON, DEPT. OF OPERATIONS  
22 4004 S. Park Avenue, Bldg. 2  
23 Tucson, AZ 85714-0000

24 Paul Bullis, Chief Counsel  
25 Legal Division  
26 ARIZONA CORPORATION COMMISSION  
27 1200 West Washington Street  
28 Phoenix, Arizona 85007

Carl Dabelstein  
Director Utilities Division  
ARIZONA CORPORATION COMMISSION  
1200 West Washington Street  
Phoenix, Arizona 85007

Barry, Hetzer, Stickley & Schutzman  
Court Reporters  
2627 N. Third St., Suite 3  
Phoenix, Arizona 85004-1103

By:

  
Scott Mitchell  
Secretary to Jerry L. Rudibaugh